

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	USSR	REPORT		25X1
SUBJECT	Soviet Policy and Intentions in Europe and in the Far East	DATE DISTR.	16 April 1954	
		NO. OF PAGES	4	
DATE OF INFO.		REQUIREMENT NO.	RD	25X1
PLACE ACQUIRED		REFERENCES		

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Europe

1. The events of 17 June 1953 in East Germany disclosed the falseness of Soviet propaganda affirmations that the East Germans were satisfied with Communist policy, and revealed the true nature of the "friendliness" of the Germans for the Soviet Union. Only the presence of Soviet troops and the use of force kept the East Germans from going further. Were the Germans to be allowed freedom of action, or, more accurately, should there be no interference in German behavior in East Germany, the Grotewohl-Ulbricht government would be swept aside and the leaders, Ulbricht first of all, would be killed by the Germans. There were rumors and also definite information to this effect in Moscow at the time. Beriya made the following statement to a special MVD commission which he sent to Germany to investigate the disturbances of 17 June: "Socialism in Germany is nonsense. A German is used to having white bread with butter every morning; instead, we are offering him socialism!"
2. After 17 June, the Grotewohl-Ulbricht government announced a so-called "new line" which consisted of the following:
 - a. Halting forcible consolidation of farms into agricultural cooperatives, a form of collectivization of agriculture.
 - b. Relaxing of measures against private ownership.
 - c. Attempting to reduce the flow of refugees from East Germany through the measures listed in (a) and (b), and through the return of confiscated property to persons who had previously fled.

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(Note: Washington Distribution Indicated By "X"; Field Distribution By "#")

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d. Lowering of production norms at industrial enterprises and similar measures.

The Soviet Government was forced to sanction all these measures despite its dislike of them. Furthermore, in order to resolve the problem of Germany in general and to prevent further disturbances such as those of 17 June, the Soviet Union was forced to agree to a Four-Power Conference in Berlin.

3. The East Germans, naturally, hoped for some results from the conference; and their attitude toward the Soviets and the East German Government, during the period from the June disturbances to the opening of the conference, was outwardly, and to some extent genuinely, loyal. Since the Berlin Conference did not produce an agreement on the German problem, the Soviets gave "greater independence" to East Germany. The Fourth Congress of the SED was called in order to announce future plans to the Germans and to report, in general, on the results of the Berlin Conference.
4. Since the Soviet attempt to estrange France from its Western Allies was not successful, and the Soviet plan to set up a united German government first and to hold elections afterwards was not accepted, the Soviets applied for admission into NATO for the purpose of destroying it from within and isolating the United States. It must be added that, in introducing the proposal for the creation of an all-German government first and holding the elections afterwards, the Soviets had a long-range plan aimed at tying a united Germany to the Soviets and eventually alienating it from the United States. It was believed that this would bring about an American withdrawal from Europe under pressure from the European powers. The Soviets envisioned that the next step would be the engendering of dissension among European powers and that they would finally fall, one by one, under Soviet domination in the guise of liberation of the peoples of Europe from capitalistic slavery. In effect, this would follow the pattern established in the countries of Eastern Europe and China and now followed in Korea and Indo-China.
5. The Soviet Union achieved the following results at the Berlin Conference:
 - a. No changes were made in the situation with regard to Germany and Austria, which was what the Soviets wanted. In other words, Soviet troops are to remain in East Germany and Austria, the countries which are, in effect, jumping-off areas for possible military action. The occupation troops also serve the purpose of guarding the satellite nations so that the latter would sense the presence of Soviet "support" behind their backs.
 - b.
 - c. The third Soviet achievement at the Berlin Conference is that Communist China has been invited to the Geneva Conference, at which the problems of Indo-China and Korea will be discussed.

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The Far East

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6.
7. According to present-day Communist doctrine, colonial and dependent peoples are waging a struggle for liberation against their oppressors; and, in order to demonstrate to the world the validity of this doctrine, the struggle must go on continually. If the Communists fail in Korea, then the struggle in Indo-China must be stepped up; should the effort there also fail, the struggle must be started somewhere else, for example, invasion of Formosa in order to get rid of CHIANG Kai-shek. In any case, a struggle must always be in evidence in order to show the world that the colonial peoples, supposedly inspired by the example of

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the Soviet Union and the People's Democracies. are in arms against the imperialists.

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8. At the Geneva Conference, the Soviet Union and Communist China can be expected to attempt to force France to quit Indo-China. Failing this, they will seek to continue the present fighting. As a last resort, they may agree to the creation of the same kind of demarcation line as that existing in Korea, but this would be a temporary measure only.

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9. With regard to the Korean question, Communist China, by pre-arrangement with the Soviet Union, will be placed in the role of spokesman for the Communist bloc, while the USSR will support the position of Communist China and North Korea with regard to the Korean question.

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Should the Geneva Conference be successful, that is, should the question of Korea and Viet Nam be settled, then China would immediately embark upon an invasion of Formosa.

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10. Soviet leaders are convinced, and leading members of the Soviet Government have so stated, although in restricted official circles, that the fact that China now has a Communist government does not mean that the battle for China has been won. On the contrary, the most important and the biggest phase of the battle for China lies ahead. The capture of Formosa, by Communist China, was originally planned for the spring of 1953 or, at the latest, 1954. The implementation of this plan was delayed by events in Korea and even more so by the death of Stalin. Stalin could instruct MAO Tse-tung directly with regard to Formosa, asking him how long the "nuisance" there would continue and predicting that Communist China would enjoy greater prestige once Formosa and CHIANG Kai-shek were removed from the international scene. Comments to this effect were made by members of the Central Committee of the CPSU when MAO Tse-tung and his delegation were in Moscow before Stalin's death.

11. The present Peking government, and specifically MAO, enjoys greater independence now than during Stalin's lifetime. In the future this independence will be continually growing without endangering friendly relations with the USSR, inasmuch as Communist China receives considerable economic aid from the USSR, especially technical and military aid, the latter in the form of training, advisory personnel, and war materiel. There are more Soviets in Communist China than in the satellites. Those Soviets who return from China say that the Chinese are very close and friendly to the Soviets. China, further, is at present isolated from the capitalist world. Some leading figures in the Central Committee of the CPSU made unequivocal statements to the effect that, after the death of Stalin, the first place in the Communist movement should be occupied by MAO. Any line followed by the Soviet Government, in foreign as well as in internal policies, will leave its mark on the policy of the Peking Government and on this would depend the authority of the USSR in Communist China.

12. Changes of Soviet envoys in China--Panyushkin, Kuznetsov, and then Yudin--did not have a favorable reaction in Peking, although Yudin, as a leading Communist theoretician, has a greater stature than either of the other two and is a typical Central Committee representative. Kuznetsov probably went to China because he had been there before and had met MAO; Yudin, more solid and intelligent, is, however, better qualified for the job and would serve the Soviet cause much better. Yudin has had no prior work in Far Eastern Affairs. A former editor of Bolshevik, he has worked with the Cominform in Bucharest.

The Korean War

13. Soviet officials did not believe the Soviet Union would enter the Korean War. The Soviets would have continued to give only material support to the Chinese. The Chinese had not wanted to enter the Korean War but were pressured into doing so by the Soviets. There had been a large conference between the Soviet Union and Communist China on the question of whether or not the Chinese should enter.

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